

**ANNUAL REPORT
OF THE
DETROIT AND MACKINAC
RAILWAY COMPANY**

FOR THE FISCAL YEAR ENDED DECEMBER 31st
1950

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DETROIT AND MACKINAC RAILWAY COMPANY

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

CHARLES A. PINKERTON, JR.	-----	East Tawas, Mich.
WALTER F. KEERS	-----	Brooklyn, N.Y.
STANLEY E. LAWFER	-----	Allentown, Pa.
J. F. HIGGINS	-----	New York, N. Y.
R. W. PIEPKORN	-----	Alpena, Mich.

OFFICERS

CHARLES A. PINKERTON, JR. President and General Manager	-----	Tawas City, Michigan
N. W. SALSBERRY Secretary and Treasurer	-----	Tawas City, Michigan
A. J. SEVENER Auditor	-----	Tawas City, Michigan
R. W. HICKEY Assistant to General Manager	-----	Tawas City, Michigan
E. S. HARRIS Superintendent	-----	Alpena, Michigan
W. T. YAKE General Freight Agent	-----	Tawas City, Michigan
CARL R. HENRY General Counsel	-----	Alpena, Michigan

FISCAL AND TRANSFER AGENTS

J. P. Morgan & Company	-----	New York, N. Y.
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REGISTRAR OF STOCK

Central Hanover Bank and Trust Company	-----	New York, N. Y.
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ANNUAL MEETING

The last Tuesday in April
is the date of Annual Meeting of Stockholders

General Office	-----	Tawas City, Michigan
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JOE C. TREPANIER

CERTIFIED PUBLIC ACCOUNTANT
LAFAYETTE BUILDING
DETROIT
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To The Stockholders and Board of Directors of
Detroit and Mackinac Railway Company
Tawas City, Michigan

We have examined the Statement of Financial Condition of the Detroit and Mackinac Railway Company, Tawas City, Michigan, and its wholly owned subsidiary, Mackinac Truck Lines, Inc., as at December 31, 1950, and the related Statements of Income and Earned Surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and other supporting evidence and such other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the position of the Detroit and Mackinac Railway Company and its wholly owned subsidiary, Mackinac Truck Lines, Inc., at December 31, 1950 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles prescribed by the Interstate Commerce Commission and the Michigan Public Service Commission.

JOE C. TREPANIER
Certified Public Accountant

TO THE STOCKHOLDERS:

The following report covers operation of your Company for the year ended December 31, 1950.

Freight traffic revenue for the year 1950 totaled \$2,102,342, an increase of \$292,247 over the year 1949. Of this increase, \$213,909 was attributed to products of mines, reflecting an abnormal movement of limestone which would have moved by water had lake shipping been available. This was brought about by the expansion in steel and other related industries as the result of the Korean War.

The other major increase in freight traffic revenue results from the high level of the building trade, which reflects an increase of \$84,550 in revenue from the movement of wallboard and plaster products. It is not anticipated that either of these high-level movements will be maintained during 1951.

Due to extensive demands of the labor organizations and increasing expenses, the railroads have petitioned for further increases in freight rates, and hearings for these increases are now being conducted under Ex Parte 175. The Interstate Commerce Commission will no doubt permit an increase in freight rates to offset the wage demands which in most cases have been or will be approved shortly. There is the possibility that a six percent flat increase will be granted on most commodities, with a comparable lower interim percentage increase until the application is finally decided. Your Company's vulnerability to truck competition will require the downward adjustment of these increases, as in the past, after the increases have been granted, consequently very little if any benefit in increased revenues can be expected.

Passenger revenue declined to a new low and amounted to less than one-half of one percent of the total transportation revenues. The continual decline in passenger business reflects the general attitude of the traveling public to short-line passenger service. This decline when coupled with increasing expenses was sufficient proof to the Michigan Public Service Commission that the public served in this territory is not dependent on rail passenger transportation. Consequently, an order was issued by this governmental body permitting complete abandonment of passenger service effective February 3, 1951. This passenger service will, therefore, be removed as soon after this date as arrangements can be completed.

Revenue from mail for the year 1950 amounted to \$74,945. Included in this revenue is an adjustment for back pay awarded by the Interstate Commerce Commission in Docket 9200 for the period February 19, 1947 to December 31, 1950. The amount of this back pay award was \$32,320. Information from the Post Office Department in the Docket 9200 hearings indicates the intention of the department to discontinue handling mail on short-line passenger trains. New railroad mail pay scales are now being developed by the Post Office Department which have not as yet been definitely established but appear to have the effect of curtailing seriously the short-line revenue received for the transportation of mail.

Your Company's wholly-owned subsidiary, Mackinac Truck Lines, Inc., which commenced operation during 1949, contributed considerably to the improved service in handling less carload freight, mail, express and milk during 1950. This service has permitted a much greater efficiency in train operation by eliminating costly switching of merchandise cars at way stations, and has reduced the per diem costs incident to the delay previously experienced in handling merchandise cars. The service has been well received by patrons along the line and has already resulted in the recapture of some of the business previously lost to competitors.

This truck line service will enable your company to handle shipments formerly carried in head-end passenger train service, including mail, express, etc, on a competitive basis when passenger service is discontinued.

Operating expenses for 1950 reflect a reduction of \$53,055 as compared to the year 1949. In view of the total increased operating revenues of \$303,651, this demonstrates the effectiveness of the plans pursued in the operations of your Company's property during the past several years in connection with the modernization of facilities and equipment and the improvement of over-all operating efficiency.

Capital expenditures for equipment during the year consisted of one diesel electric crane, equipped with magnet, costing \$61,754 and financed with an initial payment of ten percent, balance to be paid over a five-year period, with interest at two and one-quarter percent. Other miscellaneous capital expenditures for equipment amounted to \$6,456.

Capital expenditures for roadway property during the year included the laying of 9.08 miles of track with ninety and one-hundred pound rail in place of fifty-six pound, seventy pound and seventy-three pound rail, at a cost for rail and necessary fittings of \$121,714. In most cases, the lighter rail removed was originally placed in track prior to the turn of the century, consequently the expenditure for this material was a much needed improvement. Other expenditures for roadway improvements amounted to \$31,378.

Equipment retirements during the year consisted of several old units of obsolete equipment, including one flanger, three caboose cars, three hoppers, six passenger train cars and five units of work equipment, amounting to \$50,403.

For the year 1950 the net earnings after taxes amounted to \$500,962, an increase of \$180,746 over the year 1949. These earnings were allocated during the year as follows:

1. Amortization of equipment obligations	\$162,702.56
2. Retirement of funded debt	53,388.75
3. Capital improvements to property and initial payments for new equipment	169,429.20
4. Rail and track material purchased as protection against 1951 price increases	24,988.92
	<hr/>
	\$410,509.43

This is the first year since embarking upon the modernization program in 1945 that funds required for necessary capital improvements and debt reduction have not exceeded net income after taxes. In the best judgment of your Directors the program should be continued until roadway rehabilitation has further progressed, and the combined total of the equipment and long-term debt is brought more in line with anticipated gross revenues.

It is with sincere appreciation that your Directors acknowledge the loyal efforts of every member of your organization.

By order of the Board of Directors.

CHARLES A. PINKERTON, JR.
President and General Manager

Following is a simplified income account and balance sheet for the year 1950:

	Year 1950	Year 1949	Increase—I Decrease—D
INCOME:			
Freight -----	\$2,102,342.52	\$1,810,095.45	\$292,247.07 I
Passenger -----	7,525.52	8,441.63	916.11 D
Other Transportation			
Revenues -----	122,492.08	110,171.47	12,320.61 I
Other Income -----	24,201.41	16,798.15	7,403.26 I
TOTAL	\$2,256,561.53	\$1,945,506.70	\$311,054.83 I
OUTGO:			
Wages -----	\$ 702,717.48	\$ 684,245.00	\$ 18,472.48 I
Fuel -----	38,192.65	36,204.11	1,988.54 I
Materials and Supplies -----	220,648.09	231,216.48	10,568.39 D
Railway Tax Accruals other than Federal Income Tax -----	81,834.34	91,764.10	9,929.76 D
Rental of Equipment, Debit Balance -----	40,529.75	34,398.69	6,131.06 I
Interest on Debt, Funded and Unfunded -----	80,181.08	87,825.06	7,643.98 D
Depreciation Charges -----	145,954.10	157,399.83	11,445.73 D
Other Operating and Non-Operating Expenses -----	56,629.58	103,646.37	47,016.79 D
TOTAL	\$1,366,687.07	\$1,426,699.64	\$ 60,012.57 D
Net Income before Federal Income Tax -----	\$ 889,874.46	\$ 518,807.06	\$371,067.40 I
Federal Income Tax Accruals -----	388,911.66	198,590.79	190,320.87 I
NET INCOME	\$ 500,962.80	\$ 320,216.27	\$180,746.53 I

Income for 1950 was earned and spent as follows:

EARNINGS	Cents	DISPOSITION	Cents
Products of Agriculture -----	3	Wages -----	31
Animals and Products -----	1	Materials and Fuels -----	11
Products of Mines -----	46	Taxes -----	21
Products of Forests -----	5	Net Equipment Rents -----	2
Products of Manufacturers-----	40	Depreciation -----	6
Handling of Passengers -----	—	Other Expenses -----	3
Other Transportation Revenue	4	Interest -----	4
Other Service -----	1	Net Income -----	22
TOTAL	100	TOTAL	100

SIMPLIFIED INCOME ACCOUNT AND BALANCE SHEET, CONTINUED.

BALANCE SHEET

ASSETS:

Road Property and Equipment, less depreciation-----	\$7,294,907.05
Sinking Funds -----	794,641.55
Miscellaneous Property -----	47,804.74
Cash -----	200,643.21
Government Securities -----	393,859.00
Materials and Supplies -----	179,482.95
Other Assets -----	219,181.75

TOTAL ASSETS ----- \$9,130,520.25

LIABILITIES:

Equipment Obligations -----	\$1,036,727.73
Accounts and Wages Payable -----	73,063.26
Accrued Taxes -----	441,389.94
Other Liabilities -----	168,377.95
Bonded Indebtedness -----	1,354,000.00
Capital Stock and Surplus:	
Capital Stock -----	2,950,000.00
Surplus -----	3,106,961.37

TOTAL LIABILITIES ----- \$9,130,520.25

DETROIT AND MACKINAC RAILWAY COMPANY
 CONDENSED GENERAL BALANCE SHEET AS OF DECEMBER 31, 1950, AND COMPARISON WITH DECEMBER 31, 1949

	Assets	Decrease
Investments:		
Investment in Road and Equipment -----	\$7,984,169.93	\$ 27,945.00
Less Accrued Depreciation -----	682,451.12	98,982.44
Net Investment -----	7,301,718.81	\$71,037.44
Less Donations and Grants, Cr. -----	6,811.76	—
Miscellaneous Physical Property -----	47,804.74	—
Sinking Funds -----	794,641.55	364,167.05
Investments in Affiliated Companies -----	25,000.00	—
Total Investment Less Depreciation -----	\$8,162,353.34	263,429.61
Current Assets:		
Cash -----	200,643.21	13,831.81
Temporary Cash Investments -----	393,859.00	115,382.50
Special Deposits -----	14,560.00	2,280.00
Loans and Bills Receivable -----	5,000.00	5,000.00
Net Balances Receivable from Agents and Conductors -----	42,295.58	12,625.59
Miscellaneous Accounts Receivable -----	52,069.95	19,233.41
Materials and Supplies -----	179,482.95	44,116.07
Accrued Accounts Receivable -----	57,484.56	30,148.13
Other Current Assets -----	985.77	1,139.08
	—	239,496.59
Deferred Assets:		
Working Fund Advances -----	545.78	—
Other Deferred Assets -----	—	2,537.77
	545.78	2,537.77
Unadjusted Debits:		
Prepayments -----	12,768.65	3,625.85
Other Unadjusted Debits -----	8,471.46	35,459.15
	—	31,833.30
	—	\$468,555.13
	—	\$9,130,520.25

TABLE A—(Continued)

Capital Stock:		Decrease
Common Stock -----	\$2,000,000.00	
Preferred Stock -----	950,000.00	
	<u> </u>	
Long-Term Debt:		
First Lien Bonds -----	874,000.00	
Mortgage Bonds -----	980,000.00	
Held in Treasury -----	500,000.00	
Outstanding -----	480,000.00	
Equipment Obligations -----	1,036,727.73	
	<u> </u>	
Current Liabilities:		
Traffic and Car Service Balances Payable -----	64,348.62	
Audited Accounts and Wages Payable -----	73,063.26	
Miscellaneous Accounts Payable -----	27,939.20	
Interest Matured Unpaid -----	14,460.00	
Unmatured Interest Accrued -----	4,513.33	
Accrued Accounts Payable -----	24,460.41	
Other Current Liabilities -----	18,979.86	
Taxes Accrued -----	52,478.28	
Federal Income Tax Payable (See Note) -----	388,911.66	
	<u> </u>	
Deferred Liabilities:		
Unadjusted Credits:		
Corporate Surplus:		
Earned Surplus-Appropriated -----	2,550,598.22	
Earned Surplus-Credit Balance -----	556,363.15	
	<u> </u>	
	168,878.01	
	344,358.92	
	513,406.95	
	<u> </u>	
	\$9,130,520.25	
	<u> </u>	
	\$468,555.13	

NOTE — There will be a probable increase in the above Estimated Federal Income Tax and Excess Profits Tax Payable, pending further analysis of Income and Profits from the Inception of the corporation and adjusted base of investment in transportation properties.

TABLE B
DETROIT AND MACKINAC RAILWAY COMPANY
INCOME ACCOUNT FOR YEAR ENDING DECEMBER 31, 1950
COMPARED WITH YEAR ENDING DECEMBER 31, 1949

OPERATING REVENUES:

	1950	Increase	Decrease
Freight -----	\$2,102,342.52	\$292,247.07	
Passenger -----	7,525.52		\$ 916.11
Baggage -----	22.59		37.62
Mail -----	74,945.78	13,653.50	
Express -----	7,168.98	4,198.42	
Other Passenger Train -----	1,078.80	261.50	
Milk -----	2,527.64		6,606.81
Switching -----	27,216.39	4,486.87	
Storage — Freight -----	411.43	131.79	
Demurrage -----	5,626.01		1,293.23
Rents of Buildings and Other Property -----	2,200.19		1,877.53
Miscellaneous -----	1,293.87		596.39
Joint Facility Cr. -----	.40		.11
 Total Operating Revenues -----	 \$2,232,360.12	 \$303,651.57	

OPERATING EXPENSES:

Maintenance of Way and Structures -----	\$ 375,337.30	\$17,674.99
Maintenance of Equipment -----	235,693.95	34,455.09
Traffic -----	26,344.01	\$ 337.58
Transportation -----	420,952.95	1,612.64
General -----	99,005.57	349.53
 Total Operating Expenses -----	 \$1,157,333.78	53,055.79
Net Operating Revenue -----	\$1,075,026.34	356,707.36
Railway Tax Accruals -----	470,746.00	180,391.11
 Railway Operating Income -----	 \$ 604,280.34	176,316.25
Miscellaneous Rent Income -----	6,321.05	131.09
Miscellaneous Physical Property -----	2,329.74	1,128.03
Income from Unfunded Securities and Accounts -----	4,541.51	1,525.12
Miscellaneous Income -----	397.50	147.50
Income from Sinking Funds -----	9,677.66	6,120.16
Equipment Rents ----- Dr.	40,529.75	6,131.06
Joint Facility Rents -----	933.95	607.42
 Total Income -----	 \$ 587,952.00	177,588.45
Miscellaneous Rents -----	415.00	349.75
Miscellaneous Tax Accruals -----	1,271.26	26.16
Interest on Funded Debt -----	79,978.39	
Interest on Unfunded Debt -----	202.69	162.75
Miscellaneous Income Charges -----	5,121.86	4,109.99
 Net Income -----	 \$ 500,962.80	\$180,746.53

TABLE B—(Continued)

DETROIT AND MACKINAC RAILWAY COMPANY**PROFIT AND LOSS ACCOUNT**

Credit Balance, January 1, 1950 -----	\$211,834.21
Credit Balance Transferred from Income -----	500,962.80
Miscellaneous Credits -----	22,051.29
Miscellaneous Debits -----	\$ 9,607.14
Miscellaneous Appropriations of Surplus -----	168,878.01
Credit Balance Carried to Balance Sheet -----	556,363.15
	<hr/>
	\$734,848.30
	<hr/>
	\$734,848.30

TABLE C
PARTICULARS OF BONDED DEBT

Class of Bonds	Amount Outstanding 12/31/50	INTEREST		Interest Accrued During Year	Principal Due
		Rate	When Payable		
First Lien	\$ 874,000.00	4%	June and December	\$35,511.34	June 1, 1995
Mort.	480,000.00	4%	June and December	19,961.89	June 1, 1995
				\$55,473.23	
\$1,354,000.00					

SCHEDULE C-1

DETROIT AND MACKINAC RAILWAY COMPANY

SCHEDULE OF EQUIPMENT OBLIGATIONS

Equipment Covered:	Date of Purchase	Cost	Initial Payment	Interest Rate	Annual Payment	Balance Due 12/31/50	Date of Maturity
Locomotives:							
5 Diesel-Electric Road Switching Locomotives	Dec. 1946	\$ 602,300.00	\$ 60,230.00	2 1/4 %	\$ 54,207.00	\$ 319,788.00	Dec. 1956
1 Diesel-Electric Road Switching Locomotive	Feb. 1948	129,498.00	29,498.00	2 1/4 %	9,999.96	70,833.05	Feb. 1958
1 Diesel-Electric Switching Locomotive	July 1946	59,750.00	5,975.00	2 1/4 %	5,377.44	29,575.92	July 1956
Cars:							
200 Steel Box Cars and 25 Steel Gondola Cars	Feb. 1947	862,868.25	86,287.25	2 1/4 %	77,658.00	474,590.58	Feb. 1957
25 Open-Top Steel Hopper Cars	June 1948	99,675.00	25,375.00	2 1/4 %	7,429.92	55,106.04	June 1958
10 Covered Steel Hopper Cars	Feb. 1949	60,966.60	17,716.60	2 1/4 %	4,325.04	34,960.34	Feb. 1959
Work Equipment:							
1 Diesel-Electric Crane	Aug. 1950	61,754.45	6 175.45	2 1/4 %	11,115.60	51,873.80	Aug. 1955
		<u>\$1,876,812.30</u>	<u>\$231,257.30</u>			<u>\$170,112.96</u>	
						<u><u>\$1,036,727.73</u></u>	

TABLE D

DETROIT AND MACKINAC RAILWAY COMPANY

COMPARATIVE FINANCIAL STATEMENT

CURRENT ASSETS	Dec. 31, 1948	Dec. 31, 1949	Dec. 31, 1950
Cash -----	\$ 202,060.34	\$ 186,811.40	\$ 200,643.21
Special Funds -----	345,820.00	295,316.50	408,419.00
Due from Station Agents and Others -----	93,389.20	62,506.53	99,365.53
Materials and Supplies -----	158,585.33	135,066.88	179,482.95
Prepaid and Deferred Charges -----	38,201.14	30,266.67	59,016.11
Other Unadjusted Debits -----	9,447.18	53,073.41	21,240.11
Totals -----	\$ 847,503.19	\$ 763,041.39	\$ 968,166.91
 LESS CURRENT LIABILITIES			
Audited Vouchers and Pay Rolls -----	\$ 100,518.02	\$ 117,724.53	\$ 73,063.26
Accrued Taxes, Interest and Traffic Balances -----	505,297.97	427,839.84	609,763.16
Totals -----	\$ 605,815.99	\$ 545,564.37	\$ 682,826.42
Net Current Assets -----	\$ 241,687.20	\$ 217,477.02	\$ 285,340.49
 CAPITAL ASSETS			
Cost of Road -----	\$5,796,672.61	\$5,745,546.59	\$5,755,684.01
Cost of Equipment -----	2,290,565.28	2,210,678.34	2,228,485.92
Miscellaneous Physical Property ---	47,860.79	47,804.74	47,804.74
Sinking Funds and Investments -----	270,259.50	485,174.50	819,641.55
Totals -----	\$8,405,358.18	\$8,489,204.17	\$8,851,616.22
 REPRESENTING			
Bonds Issued — First Lien -----	\$ 979,000.00	\$ 901,000.00	\$ 874,000.00
Bonds Issued — Mortgage -----	607,000.00	528,000.00	480,000.00
Stock Issued — Common -----	2,000,000.00	2,000,000.00	2,000,000.00
Stock Issued — Preferred -----	950,000.00	950,000.00	950,000.00
Equipment Obligations -----	1,259,238.23	1,143,851.29	1,036,727.73
Reserves -----	610,449.37	583,468.68	682,451.12
Grants in Aid of Construction -----	6,811.76	6,811.76	6,811.76
Other Unadjusted Credits -----	Dr.	4.96	4.73
Appropriated Surplus -----	1,850,448.40	2,381,720.21	2,550,598.22
Earned Surplus -----	384,097.62	211,834.21	556,363.15
Totals -----	\$8,647,045.38	\$8,706,681.19	\$9,136,956.71

TABLE E

DETROIT AND MACKINAC RAILWAY COMPANY

REVENUES AND EXPENSES BY YEARS

REVENUES

	1946 Amount	Per Cent	1947 Amount	Per Cent	1948 Amount	Per Cent	1949 Amount	Per Cent	1950 Amount	Per Cent
Freight -----	\$1,295,587.72	91.50	\$1,647,403.80	91.0	\$2,045,692.24	93.04	\$1,810,095.45	93.85	\$2,102,342.52	94.18
Passenger -----	38,440.85	.272	21,164.85	1.2	14,764.71	.67	8,441.63	.44	7,525.52	.34
Mail -----	36,471.14	2.58	25,600.00	1.4	38,677.00	1.76	61,292.28	3.18	74,945.78	3.36
Express -----	5,878.76	.41	18,530.15	1.0	15,398.44	.70	2,970.56	.15	7,168.98	.32
Milk -----	6,769.24	.47	8,179.49	.5	9,071.81	.41	9,134.45	.47	2,527.64	.11
Other Sources -----	32,825.01	2.32	88,383.17	4.9	75,187.64	3.42	36,774.18	1.91	37,849.68	1.69
Total -----	\$1,415,972.72	100%	\$1,809,261.46	100%	\$2,198,791.84	100%	\$1,928,708.55	100%	\$2,232,360.12	100%

EXPENSES

Maintenance of Way and Structures -----	\$ 278,525.85	26.92	\$ 399,152.55	35.3	\$ 463,464.68	35.99	\$ 393,012.29	32.47	\$ 375,337.30	32.43
Maintenance of Equipment -----	208,948.86	20.19	214,205.34	19.0	252,400.58	19.60	270,149.04	22.32	235,693.95	20.37
Traffic -----	10,015.60	.96	16,101.79	1.4	22,244.34	1.73	26,006.43	2.15	26,344.01	2.28
Transportation -----	464,785.40	44.91	414,357.71	36.6	449,552.89	34.90	422,565.59	34.91	420,952.95	36.37
General -----	72,794.89	7.02	88,998.97	7.7	100,263.51	7.78	98,656.22	8.15	99,005.57	8.55
Total -----	\$1,035,070.60	100%	\$1,132,816.36	100%	\$1,287,926.00	100%	\$1,210,389.57	100%	\$1,157,333.78	100%
Operating Ratio -----	73.10%		62.60%		58.55%		62.76%			51.84%
Net Operating Income -----	\$ 380,902.12	26.90	\$ 676,445.10	37.4	\$ 910,865.84	41.43	\$ 718,318.98	37.24	\$ 1,075,026.34	48.16
Taxes -----	84,382.30	5.95	237,392.08	13.1	348,552.64	15.85	290,354.89	15.05	\$ 470,746.00	21.09
Net Operating Income Less Taxes -----	\$ 296,519.82	20.95	\$ 439,053.02	24.3	\$ 562,313.20	25.58	\$ 427,964.09	22.19	\$ 604,280.34	27.07

TABLE E-1

DETROIT AND MACKINAC RAILWAY COMPANY

RAILWAY OPERATING REVENUES, EXPENSES AND TAX ACCRUALS BY YEARS

Year	Revenues	Expenses	Net Operating Revenue	Railway Tax Accruals	Net Operating Revenue Less Tax Accruals
1935-	\$ 654,505.91	\$ 548,623.57	\$ 105,882.34	\$ 15,247.76	\$ 90,634.58
1936-	803,484.39	605,305.79	198,178.60	21,118.51	177,060.09
1937-	885,445.46	694,643.86	190,801.60	35,134.67	155,666.93
1938-	877,856.23	630,599.65	247,256.58	34,889.55	212,367.03
1939-	876,809.06	643,663.46	233,145.60	43,708.16	189,437.44
1940-	849,680.71	623,629.04	226,051.67	41,753.93	184,297.74
1941-	845,559.26	643,292.35	202,266.91	41,775.56	160,491.35
1942-	1,189,479.04	728,314.96	461,164.08	53,262.32	407,901.76
1943-	975,711.81	932,649.82	43,061.99	80,802.63	*37,740.64
1944-	1,016,204.61	869,293.70	146,910.91	51,865.66	95,045.25
1945-	1,039,654.92	855,395.46	184,259.46	52,580.63	131,678.83
1946-	1,415,972.72	1,035,070.60	380,902.12	84,382.30	296,519.82
1947-	1,809,261.46	1,132,816.36	676,445.10	237,392.08	439,053.02
1948-	2,198,791.84	1,287,926.00	910,865.84	348,552.64	562,313.20
1949-	1,928,708.55	1,210,389.57	718,318.98	290,354.89	427,964.09
1950-	2,232,360.12	1,157,333.78	1,075,026.34	470,746.00	604,280.34

*Deficit

TABLE F

DETROIT AND MACKINAC RAILWAY COMPANY

OPERATING EXPENSES

1950 COMPARED WITH 1949

MAINTENANCE OF WAY AND STRUCTURES

	Amount	Increase	Decrease
Superintendence -----	\$ 34,479.77	\$4,553.52	
Roadway Maintenance -----	32,131.79		\$ 1,388.49
Bridges, Trestles, and Culverts -----	9,160.88		3,928.65
Ties -----	65,898.40		12,777.10
Rails -----	3,689.45		5,070.53
Other Track Material -----	12,523.38		18,968.05
Ballast -----	3,238.32	1,347.80	
Track Laying and Surfacing -----	122,710.48	6,315.16	
Fences, Snowsheds, and Signs -----	8,741.42	6,118.65	
Station and Office Buildings -----	2,335.60	793.91	
Roadway Buildings -----	223.32		325.29
Water Stations -----	—		24.18
Fuel Stations -----	65.89	46.92	
Shops and Enginehouses -----	4,350.90	1,576.89	
Telegraph and Telephone Lines -----	2,118.58		1,500.05
Signals and Interlockers -----	849.74		161.08
Road Property — Depreciation -----	30,422.22		979.08
Retirements — Road -----	13,503.14	5,709.06	
Roadway Machines -----	3,650.85		312.76
Dismantling Retired Road Property -----	3,254.90	1,432.02	
Small Tools and Supplies -----	4,723.86	375.12	
Removing Snow, Ice and Sand -----	8,295.12	1,742.09	
Public Improvements, Maintenance -----	1,129.42		1,645.60
Injuries to Persons -----	1,136.72	311.90	
Insurance -----	2,698.81	784.36	
Stationery and Printing -----	511.46	73.50	
Other Expenses -----	3,482.02		1,225.27

Maintaining Joint Tracks, Yards and

Other Facilities — Dr. -----	504.08	507.39
------------------------------	--------	--------

Maintaining Joint Tracks, Yards and

Other Facilities — Cr. -----	493.22 Cr.	42.37
Total -----	\$ 375,337.30	\$17,674.99

TABLE F—(Continued)

MAINTENANCE OF EQUIPMENT

	Amount	Increase	Decrease
Superintendence -----	\$ 25,622.19		
Shop Machinery -----	1,007.38	\$ 780.38	\$ 1,777.57
Power Plant Machinery -----	12.98	20.48	
Power Plant Machinery—Depreciation	3,338.95		55.51
Other Locomotives — Repairs -----	30,011.36		14,998.16
Freight-train Cars — Repairs -----	41,057.78		772.86
Passenger-train Cars — Repairs -----	8,238.40		5,659.49
Work Equipment — Repairs -----	3,914.58		1,939.76
Miscellaneous Equipment — Repairs -----	1,415.50		624.46
Equipment — Retirements -----	195.49		630.48
Equipment — Depreciation -----	112,192.93		10,411.14
Injuries to Persons -----	2,007.68	1,622.59	
Insurance -----	3,637.45	153.82	
Stationery and Printing -----	214.60		36.64
Other Expenses -----	2,905.85		289.00
Maintaining Joint Equipment — Dr. -----	228.03	35.89	
Maintaining Joint Equipment — Cr. -----	307.20Cr.	126.82	
Total -----	\$ 235,693.95		\$34,455.09

TRAFFIC

Superintendence -----	\$ 16,065.29		\$ 355.16
Advertising -----	1,994.57		169.75
Traffic Associations -----	1,928.58	\$ 617.25	
Insurance -----	480.93		153.48
Stationery and Printing -----	3,755.33		320.59
Other Expenses -----	2,119.31	719.31	
Total -----	\$ 26,344.01	\$ 337.58	

TRANSPORTATION

Superintendence -----	\$ 37,810.02	\$3,515.98	
Dispatching Trains -----	4,992.01	295.65	
Station Employees -----	71,574.44		\$ 6,062.67
Wei'g Inspc'n and Demurrage Bureaus-----	914.08		165.43
Station Supplies and Expenses -----	3,965.95	864.24	
Yardmaster and Yard Clerks -----	10,454.22	461.34	
Yard Conductors and Brakemen -----	34,283.57	3,031.25	
Yard Motormen -----	19,123.52	1,174.91	
Yard Switching Fuel -----	5,492.65		156.97
Lubricants for Yard Locomotives -----	579.96		325.40
Other Supplies for Yard Locomotives-----	170.55		86.39
Enginehouse Expenses — Yard -----	3,690.41	1,838.77	
Yard Supplies and Expenses -----	1,430.84	114.89	

TABLE F—(Continued)

	Amount	Increase	Decrease
Train Motormen -----	\$ 53,272.26	\$ 1,466.43	
Train Fuel -----	32,700.00	2,145.51	
Water for Train Locomotives -----	—		\$ 2.41
Lubricants for Train Locomotives -----	2,935.77	403.34	
Other Supplies for Train Locomotives-----	1,003.20		203.87
Enginehouse Expenses — Train -----	13,453.33		
Trainmen -----	67,540.34	4,347.79	8,438.59
Train Supplies and Expenses -----	16,432.59		
Signal and Interlocker Operation -----	216.65		554.25
Drawbridge Operation -----	4,380.30		2.86
Telegraph and Telephone Operation -----	53.40		3,333.59
Stationery and Printing -----	4,727.49	186.85	22.30
Other Expenses -----	11,918.01		3,458.20
Insurance -----	7,921.56		2,592.94
Clearing Wrecks -----	486.45		1,461.67
Damage to Property -----	4.00		46.00
Damage to Live Stock on Right of Way-----	—		110.42
Loss and Damage — Freight-----	2,313.33		5,317.85
Loss and Damage — Baggage -----	—		35.81
Injuries to Persons -----	12,576.09	10,511.94	
Opera'g Joint Yards and Terminals—Dr.	5,540.81		1,841.27
Opera'g Joint Yards and Terminals—Cr.	7,792.21 Cr.	1,725.22	
Opera'g Joint Yards and Facilities—Dr..	78.10		55.34
Opera'g Joint Tracks and Facilities—Cr..	3,290.74 Cr.	577.48	
Total -----	\$ 420,952.95		\$1,612.64

GENERAL

Salaries and Exp's of General Officers-----	\$ 21,337.30	\$ 1,607.84	
Salaries and Exp's of Clerks and Attend's-----	43,602.42		\$ 2,464.14
General Office Supplies and Expenses-----	682.22		801.18
Law Expenses -----	11,683.77	2,234.77	
Insurance -----	506.87		161.31
Pensions -----	5,017.83		3,034.53
Stationery and Printing -----	5,949.65	699.01	
Other Expenses -----	10,225.51	2,268.89	
Total -----	\$ 99,005.57	\$ 349.35	

SUMMARY

Maintenance of Way and Structures-----	\$ 375,337.30		\$17,674.99
Maintenance of Equipment -----	235,693.95		34,455.09
Traffic -----	26,344.01		
Transportation -----	420,952.95		1,612.64
General -----	99,005.57	349.35	
Total Operating Expenses -----	\$1,157,333.78		\$53,055.79

TABLE G

DETROIT AND MACKINAC RAILWAY COMPANY

STATEMENT OF MILEAGE OPERATED, DECEMBER 31, 1950

MAIN LINE

North Bay City to Cheboygan -----	195.10
One-half Undivided Ownership — Foss to North Bay City -----	.26

BRANCHES

Omer to AuGres -----	7.95
Alabaster Junction to Alabaster -----	4.03
Hillman Junction to Emerson -----	10.38
Rogers City Junction to Rogers City -----	14.33
<hr/>	<hr/>
Total -----	36.69
<hr/>	<hr/>
Total Main Line and Branches -----	232.05
Yard Tracks and Sidings -----	45.52
<hr/>	<hr/>
(Includes One-half Undivided Ownership — .29 mi. Cheboygan Yards)	
Total Operated, all Tracks (miles) -----	277.57

TABLE H

DETROIT AND MACKINAC RAILWAY COMPANY

CLASSIFICATION OF FREIGHT TONNAGE

	1950 Tons	Per Cent	1949 Tons	Per Cent
Products of Agriculture:				
Grain -----	4,405	.3	7,175	.6
Flour -----	2,971	.2	2,720	.2
Other Mill Products -----	183		363	
Hay and Straw -----	1,176	.1	1,034	.1
Potatoes -----	3,311	.2	3,208	.3
Fruits and Vegetables -----	3,934	.3	6,896	.5
Sugar Beets -----	14,697	.9	6,634	.5
Other Products of Agriculture -----	488		309	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals -----	31,165	2.0	28,339	2.2

TABLE H — (Continued)

	1950 Tons	Per Cent	1949 Tons	Per Cent
Animals and Products:				
Livestock -----	94		308	
Hides and Leather -----	2,914	.2	5,034	.4
Other Animals and Products -----	995	.1	1,663	.1
Totals -----	4,003	.3	7,005	.5
Products of Mines:				
Anthracite Coal -----	697	.1	1,223	.1
Bituminous Coal -----	39,188	2.6	21,175	1.7
Coke -----	1,927	.1	1,406	.1
Clay, Gravel, Sand and Stone -----	454,084	29.7	287,695	22.4
Other Products of Mines -----	527,620	34.5	535,712	41.8
Totals -----	1,023,516	67.0	847,211	66.1
Products of Forests:				
Lumber, Shingles and Lath-----	11,061	.7	9,872	.8
Pulp Wood -----	44,235	2.9	38,424	3.0
Other Products of Forests -----	6,432	.4	5,557	.4
Totals -----	61,728	4.0	53,853	4.2
Manufacturers and Miscellaneous:				
Refined Petroleum and its Products--	46,560	3.0	43,676	3.4
Sugar -----	378	.1	298	
Rails and Fastenings -----	773	.1	722	
Bar and Sheet Iron, Structural				
Iron and Iron Pipe -----	288		3,576	.3
Castings, Machinery and Boilers ----	5,530	.4	2,045	.1
Cement -----	38,866	2.5	54,712	4.3
Brick and Artificial Stone -----	3,497	.2	2,147	.2
Lime and Plaster -----	47,631	3.1	38,314	3.0
Building Paper and Prepared				
Roofing Material -----	1,637	.1	1,341	.1
Beverages -----	182		262	
Fertilizers (all kinds) -----	6,768	.4	6,611	.5
Newsprint and Printing Paper -----	7,052	.5	8,613	.7
Canned Goods				
(all canned food products) -----	1,165	.1	1,044	.1
Paper Bags and Wrapping Paper ---	1,334	.1	1,345	.1
Paperboard, Pulpboard and Wallboard	179,510	11.7	128,065	10.0
Other Manufacturers and				
Miscellaneous -----	59,541	3.9	44,178	3.5
Totals -----	400,712	26.2	336,949	26.3
All L. C. L. Freight -----	7,419	.5	8,751	.7
Grand Total Carload				
and L. C. L. Traffic -----	1,528,543	100%	1,282,108	100%

TABLE I
DETROIT AND MACKINAC RAILWAY COMPANY
FREIGHT STATISTICS

	1950	1949
Number tons revenue freight carried -----	1,528,543	1,282,108
Number tons non-revenue freight carried --	15,315	11,341
Total number tons of freight carried -----	1,543,858	1,293,449
Number revenue tons carried one mile -----	124,566,003	92,779,000
Number all tons carried one mile -----	125,598,000	93,565,000
Number of revenue tons carried one mile, per mile of road -----	536,806	396,491
Number tons of all freight carried one mile, per mile of road -----	541,254	399,850
Average distance haul of one ton revenue freight (miles) -----	81.5	72.3
Average distance haul of one ton all freight (miles) -----	81.4	72.3
Total Freight Revenue ----- \$	2,102,342.52	\$ 1,810,095.45
Average amount received from each ton of freight ----- \$	1.38	\$ 1.41
Average receipts, per ton, per mile-----\$.01688	\$.01951
Freight revenue, per mile of road ----- \$	9,059.86	\$ 7,735.00
Freight revenue, per train mile ----- \$	16.47	\$ 15.65
Average number of revenue tons, per train mile -----	1,197	802
Average number of all tons, per train mile--	1,209	809
Average number of all tons per loaded car mile -----	54.1	38.8
Average number of cars, per train m le ---	39.3	36.1
PASSENGER STATISTICS		
Number of passengers carried -----	3,512	3,725
Number of passengers carried one mile -----	269,781	268,368
Number of passengers carried one mile, per mile of road -----	2,211	2,164
Average distance each passenger (miles) ---	76.8	72.0
Passenger Revenue ----- \$	7,525.52	\$ 8,441.63
Average amount received from each passenger ----- \$	2.14	\$ 2.27
Average receipts, per passenger, per mile---\$.0279	\$.0315
Total passenger train earnings ----- \$	93,269.31	\$ 82,716
Passenger train earnings, per mile of road---\$	401.94	\$ 353.49
Passenger train earnings, per train mile---\$	1.23	\$ 1.00
Average number of passengers, per train mile -----	3.6	3.2

OPERATING STATISTICS

Gross revenue from operation ----- \$	2,232,360.12	\$ 1,928,708.55
Gross revenue from operation, per mile of road ----- \$	9,620.17	\$ 8,242.34
Operating Expenses ----- \$	1,157,333.78	\$ 1,210,389.57
Operating expenses, per mile of road ----- \$	4,987.43	\$ 5,172.60
Net Operating Revenue ----- \$	1,075,026.34	\$ 718,318.98
Net operating revenue, per mile of road --- \$	4,632.74	\$ 3,069.74
Ratio of expense to earnings -----	51.84%	62.76%

TABLE J

DETROIT AND MACKINAC RAILWAY COMPANY

EQUIPMENT

Locomotives:

	1950	1949
Diesel — Road Switchers -----	6	6
Diesel — Switching -----	1	1
Totals -----	7	7

Passenger Cars:

Coaches -----	4	3
Parlor -----	-----	1
Combination Passenger and Baggage -----	-----	1
Combination Baggage and Mail -----	2	2
Baggage and Express Cars -----	5	6
Express Refrigerators -----	3	7
Totals -----	14	20

Freight Cars:

Box -----	205	205
Flat -----	7	8
Hoppers — Covered -----	10	10
Hoppers — Open -----	74	77
Caboose Cars -----	6	10
Totals -----	302	310

In Company's Service:

Officers -----	1	1
Ballast -----	3	3
Flangers -----	10	11
Jordon Spreader -----	1	1
Industrial Crane -----	2	1
Other Company Service Equipment -----	33	36
Totals -----	50	53

Summary:

Total Number of Locomotives Owned -----	7	7
Total number of Cars Owned -----	366	383

SCHEDULE K

DETROIT AND MACKINAC RAILWAY COMPANY

STATEMENT OF TRACKS BUILT AND TAKEN UP DURING YEAR 1950

TRACKS BUILT

Track Order	Yard Tracks, Sidings, and Spurs	Location	Feet
3570	Build Tracks 84A, 85A, 86A, and 87A	Alpena Shop	998
3573	Lengthen Track 52	Alpena Shop	20
3593	Lengthen Track 81D	National Gyp. Spur	50
3627	Lengthen Track 7	Tawas Shop	30.5
			<hr/>
			1,098.5

TRACKS TAKEN UP

Track Order	Yard Tracks, Sidings, and Spurs	Location	Feet
3383	Retire Tracks 26, 28, and 29	Tawas	1,742
3395	Retire Track 123	Greenbush	2,053
3454	Retire Track 93	Tawas Beach	1,205
3497	Retire Track 134	Alcona	1,215
3499	Retire Track 142	Ossineke	1,110
3500	Retire Track 120	Lincoln Jct.	701
3547	Retire part Track 6	Tawas	907
3558	Retire Track 2A	Alpena	510
3565	Retire Tracks 10, 12, and 27 and part Tracks 24 and 25	Tawas	3,530
3566	Retire Tracks 30, 31, and 35	Tawas	1,901
3568	Retire Tracks 37A, 60, 63, 69, 70, 71, 81, 82, and 83	Alpena	3,864
3569	Retire Track 57	Alpena	806
3579	Retire Track 234C	Cheboygan	483
3582	Retire Track 1C	Rogers City Jct.	130
3599	Retire Part Track 55	Pinconning	969
3608	Retire Part Track 8	Tawas	302
			<hr/>
			21,428

SUMMARY

Tracks Taken Up	-----	21,428
Tracks Built	-----	1,098.5
Net Retirement	-----	20,329.5 feet or 3.85 Miles

MACKINAC TRUCK LINES, INC.

The following schedules "L" and "M" set forth the balance sheet and operating statement of your company's wholly owned subsidiary truck operation for the year 1950.

SCHEDULE L MACKINAC TRUCK LINES, INC.

BALANCE SHEET

December 31, 1950

ASSETS

Current Assets:

Cash in Bank -----	\$ 2,482.91
Accounts Receivable -----	10,538.83
Materials and Supplies -----	2,371.01
	<hr/>
	\$15,392.75

Operating Property:

Revenue Automotive Equipment -----	35,224.38
Shop, Garage, Service and Other Equipment -----	2,453.05
	<hr/>
	37,677.43

Other Assets:

Prepaid Insurance -----	2,396.38
Organization Expense -----	2,998.32
Unadjusted Debits ----- Cr.	17.06
	<hr/>
	5,377.64
	<hr/>
	\$58,447.82

LIABILITIES AND CAPITAL

Current Liabilities:

Notes Payable -----	\$ 5,000.00
Employee Bond Deductions -----	12.50
Payroll Taxes Payable -----	408.17
Federal Income Tax Payable -----	5,349.01
	<hr/>
	\$10,769.68

Reserve for Depreciation—Operating Property:

Revenue Automotive Equipment -----	4,647.91
Shop, Garage, Service and Other Equipment -----	122.67
	<hr/>
	4,770.58

Capital:

Common Stock Issued and Outstanding, 250 Shares Par Value \$100.00 a Share -----	25,000.00
-------------------------------------------------------------------------------------	-----------

Surplus:

Balance, January 1, 1950 ----- Dr. \$ 973.08	
Net Income for the Year -----	18,880.64
	<hr/>
Balance, December 31, 1950 -----	17,907.56
	<hr/>
	42,907.56
	<hr/>
	\$58,447.82

SCHEDULE M
MACKINAC TRUCK LINES, INC.

PROFIT AND LOSS STATEMENT

Year Ended December 31, 1950

Carrier Operating Revenues:

Freight Revenue -- Contract Carriers -----	\$46,442.87
Other Transportation Revenues -----	24,252.52
Total Carrier Operating Revenues -----	\$70,695.39

Carrier Operating Expenses:

Equipment Maintenance and Garage Expense -----	4,409.65
Tires and Tubes -----	837.88
Drivers' and Helpers' Wages -----	17,130.97
Gasoline, Oil, and Supplies -----	7,970.28
Other Expenses -----	1,486.40
Group Insurance ----- Cr.	21.60
Insurance and Safety -----	2,907.71
Office Salaries and Expense -----	4,684.77
Taxes and Licenses -----	2,838.97
Rents Paid -----	240.00
Depreciation -----	4,770.58
Total Carrier Operating Expenses -----	47,255.61
Carrier Operating Income -----	23,439.78
Miscellaneous Income -----	989.87
Gross Income -----	24,429.65
Income Deductions:	
Interest -----	200.00
Net Income, Before Income Tax -----	24,229.65
Provision for Federal Income Tax -----	5,349.01
Net Income for the Year -----	\$18,880.64

OPERATING STATISTICS — YEAR 1950

Equipment Owned:

Trucks -----	1
Tractors -----	5
Trailers -----	6
Total -----	12
Vehicle Miles Operated Year 1950 -----	218,912

